

# A Status Report on State RPS and SBC Policies

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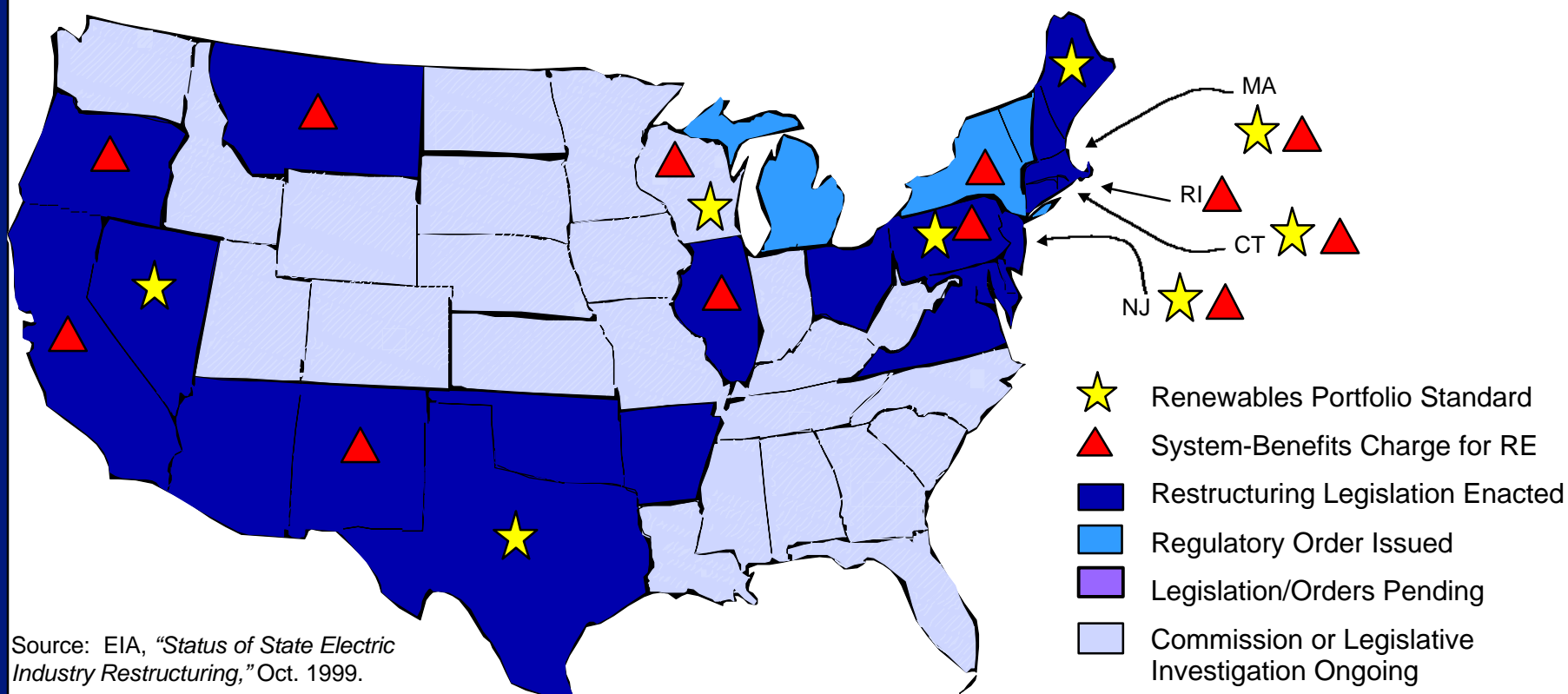


# Presentation Overview

- Status report on existing state RPS and SBC policies
- Focus on a few key states
- Estimate market impacts so far
- Discuss some implementation problems



# Status of SBC and RPS Policies



- **8 States with RPS:** Connecticut, Massachusetts, Maine, New Jersey, Nevada, Pennsylvania, Texas, Wisconsin
- **12 States with SBC Targeted to Renewables:** California, Connecticut, Illinois, Massachusetts, Montana, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Wisconsin

# State RPS Policies

- Maine RPS began in March 2000; Connecticut and New Jersey may follow.
- Other states working on design details
- Standard levels differ
  - Connecticut ⇒ 7% Class I&II, 6% Class I by 2009
  - Maine ⇒ 30% existing and new
  - Massachusetts ⇒ Existing uncertain, 4% new by 2009
  - Nevada ⇒ 1% new by 2009 (1/2 solar)
  - New Jersey ⇒ 2.5% Class I&II, 4% Class I by 2012
  - Pennsylvania ⇒ varies by utility settlement
  - Texas ⇒ 880 MW existing, 2000 MW new by 2009
  - Wisconsin ⇒ 2.2% by 2011 (0.6% from pre-1998 non-hydro)
- Renewable technology, vintage, credit trading, sunset, location eligibility requirements differ



# State SBC Policies

- California, Connecticut, Illinois, Montana, New York, Pennsylvania and Rhode Island have already begun to distribute funds; other states still designing programs
- Funding levels differ, but total \$1.7 billion through 2010
  - California ⇒ \$135 million/year from 1998-2001
  - Connecticut ⇒ \$14-30 million/year beginning 2000
  - Delaware ⇒ \$1.5 million/year beginning fall 1999
  - Illinois ⇒ \$5 million/year from 1999-2008
  - Massachusetts ⇒ ~\$26 million/year beginning 1998
  - Montana ⇒ ~2 million/year from 1999-2003
  - New Jersey ⇒ \$17-35 million/year from 2000-2008
  - New Mexico ⇒ \$4 million/year beginning 2001
  - New York ⇒ \$5 million/year from 1999-2001
  - Oregon ⇒ ~\$9 million/year from 2001-2011
  - Pennsylvania ⇒ ~ \$11 million/year total from 1999-2004
  - Rhode Island ⇒ ~2 million/year from 1998-2002
  - Wisconsin ⇒ ~4 million/year beginning 1999



# Some Success Stories

- California
  - ~ 554 MW of new renewables from new and emerging funds
  - Wind accounts for over 300 MW
- Texas RPS
- 30 MW of new wind in New York
- PECO SBC in Pennsylvania may result in 30 MW of new wind



# In Limbo

- New Jersey SBC and RPS
  - Interim RPS regulations have been delayed for months
  - No ruling yet on two opposing SBC proposals
- Rhode Island
  - Renewable energy projects have not materialized as of yet
  - RFP may help
- Pennsylvania RPS and SBC
  - Other utility SBC funds not off ground
  - PUC proposal to combine three funds
  - GPU customer auction (with RPS) drew no bids



# In Limbo, continued

- Massachusetts
  - Draft RPS regulations expected soon
  - Credit trading will require legislation
  - Substantial amount of existing renewables posing a problem
- Montana
  - Montana Power wind RFP released this year
  - Other utility SBCs just getting started
- Nevada
  - Governor negotiations with stakeholders collapsed
  - Utility legal action to overturn state restructuring law
  - Stakeholder RPS process





# Possible Failures

- Connecticut RPS
  - Exemption of default suppliers from RPS
  - Possible two-year delay for retailer compliance
- Maine RPS
  - Eligibility of high-efficiency cogeneration systems
  - Supply vastly exceeds demand

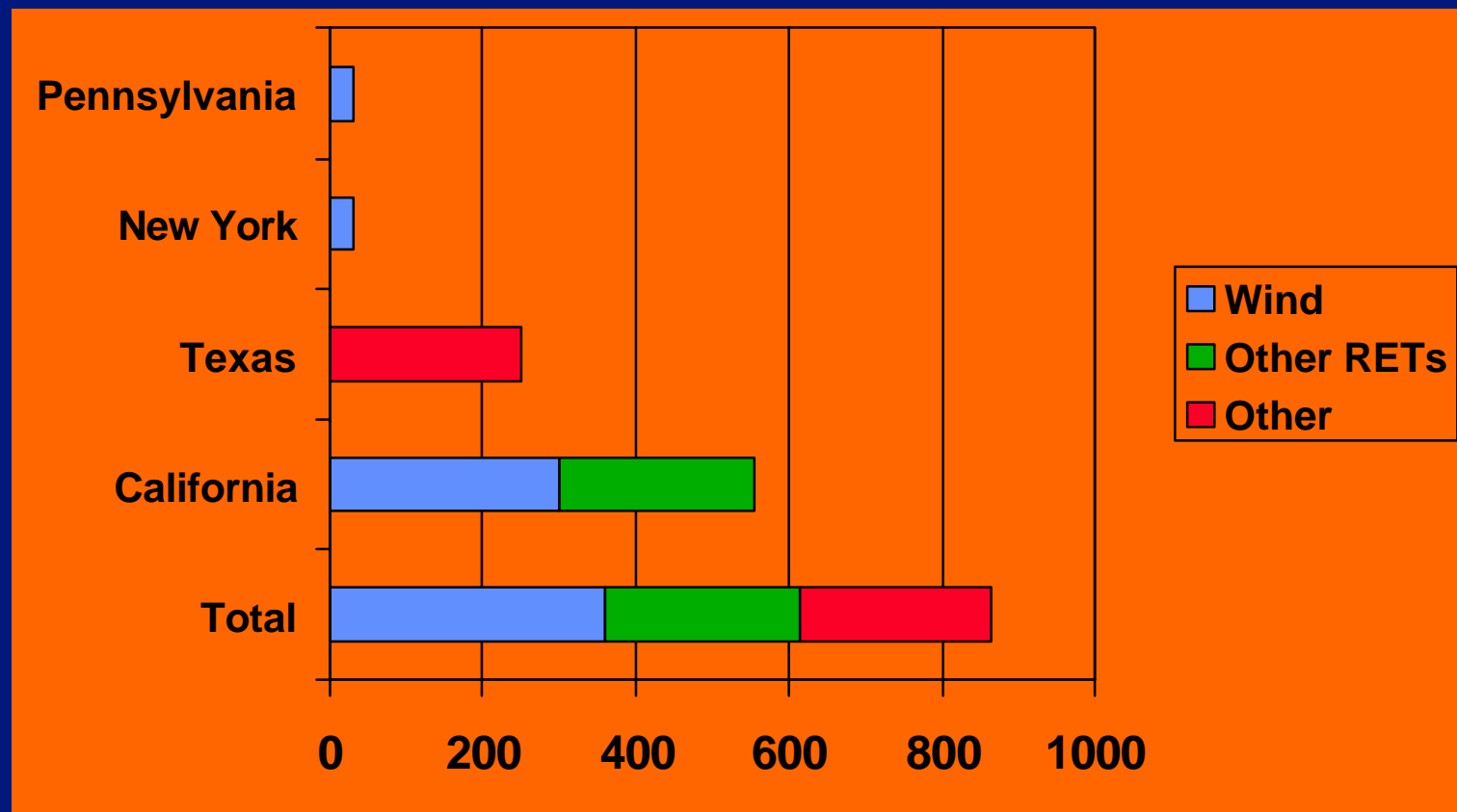


# Still to Be Determined

- Delaware SBC
- New Mexico SBC
- Oregon SBC
- Wisconsin RPS and SBC



# Market Impacts to Date



# What Determines Policy Success?

- Technology Eligibility
- Credit Trading
- Penalties
- Policy Coordination
- Political Volatility



# Conclusions

- Electric restructuring is creating new markets for renewables
- Policy implementation still pending and will impact the success of these policies

